Dodge & Cox Stock Fund (DODGX)

March 31, 2003

Objective The Fund seeks long-term growth of principal and income. A secondary objective is to achieve a reasonable current income.

Strategy The Fund invests primarily in a broadly diversified portfolio of common stocks. In selecting investments, the Fund invests in companies that, in Dodge & Cox's opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. The Fund focuses on the underlying financial condition and prospects of individual companies, including future earnings, cash flow and dividends. Companies are also selected with an emphasis on financial strength and sound economic condition.

Benefits

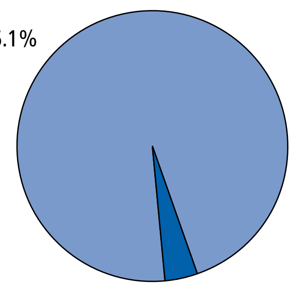
- A simple, low-cost way to own a broadly diversified portfolio of stocks
- Low expenses, No-Load Fund, No 12b-1 plan charges

General Information

Net Asset Value Per Share	$83.03
Total Net Assets (millions)	$14,818
2002 Expense Ratio	0.54%
2002 Portfolio Turnover	13%
30-Day SEC Yield[1]	2.03%
Fund Inception Date	1965

Investment Manager: Dodge & Cox, San Francisco. Managed by the Investment Policy Committee, whose ten members' average tenure at Dodge & Cox is 22 years.

Asset Allocation



Stock Characteristics

Stock Characteristics	Fund	S&P 500
Number of Stocks	85	500
Median Market Capitalization (billions)	$8	$7
Weighted-Average Market Cap. (billions)	$18	$77
Price-to-Earnings Ratio[2]	13x	16x
Price-to-Book Value	1.6x	2.6x
Foreign Stocks[3] (% of Fund)	11.4%	0.0%

Ten Largest Holdings

Ten Largest Holdings	% of Fund
Dow Chemical	2.7
Bank One	2.6
Comcast	2.5
News Corp. Ltd., Pref. ADR	2.5
Schering-Plough	2.4
ConocoPhillips	2.4
Hewlett-Packard	2.2
Golden West Financial	2.2
FedEx	2.2
Xerox	2.1

Sector Diversification

Sector Diversification	Fund	S&P 500
Consumer Discretionary	21.8%	13.4%
Financials	18.8	20.1
Information Technology	11.3	14.9
Materials	11.2	2.7
Energy	10.2	6.3
Health Care	8.9	15.9
Industrials	8.0	11.0
Telecommunication Services	2.7	3.7
Utilities	1.6	2.9
Consumer Staples	1.6	9.1

[1] SEC Yield is an annualization of the Fund's total net investment income per share for the 30-day period ended on the last day of the month.
[2] The Fund's price-to-earnings (P/E) ratio is calculated using Dodge & Cox's estimated forward earnings and excludes extraordinary items. The S&P 500's P/E ratio is calculated by Standard & Poor's and uses an aggregated estimate of forward earnings.
[3] All U.S. dollar-denominated.

See other side

Average Annual Total Return*

For periods ended March 31, 2003	1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Stock Fund	–19.21%	2.43%	4.46%	12.68%	14.28%
S&P 500	–24.75	–16.08	–3.76	8.53	11.99

The Dodge & Cox Stock Fund had a total return of –5.3% for the first quarter of 2003, compared to a total return of –3.1% for the Standard & Poor's 500 Index (S&P 500). For the year ended March 31, 2003, the Fund had a total return of –19.2%, compared to a total return of –24.8% for the S&P 500. The Fund had total assets of approximately $14.8 billion at quarter-end and a cash position of 4%.

First Quarter Performance Review

News on the potential for war or lack thereof and later, battlefield coverage in March seemed to increase the volatility of the equity markets. In this environment the market placed a premium on liquidity and safety, so companies with negative news were punished. Unfortunately, the Fund held a number of these companies and as a result lagged the S&P 500 by just over 2%. Specifically, the Fund underperformed the S&P 500 primarily for the following reasons: 1) The Fund holds a higher weighting in the materials sector (11% versus 3% in the S&P 500), which was a weak area of the market. Akzo Nobel (–37%) was a weak individual performer in this sector; 2) Weak performance for a number of holdings in both consumer discretionary (e.g., Delphi –15%, and Sony –15%), and health care (e.g., Schering-Plough –19%) caused these sectors in the Fund to underperform their respective Index sectors; and 3) Individual detractors to return included: AT&T –37%, UnumProvident –44% and Amerada Hess –19%.

On a positive note the Fund benefited from better stock performance in the industrial sector (e.g., Fluor +21%) than the industrial stocks in the Index. The Fund also benefited from a lower weighting (2% in Fund versus 9% in the S&P 500) in the consumer staples sector, which was a weak area of the S&P 500. Additional strong individual contributors included: Corning +76%, Comcast +21%, Six Continents +23% and ConocoPhillips +12%.

Strategy

With investors concerns focused on the war in Iraq and economic growth, we remained focused on the fundamentals of each of the Fund's investments using a three-to-five year investment horizon. Large swings in market prices lead us to reassess our long-term investment strategy and can lead to changes in the portfolio. For instance, we have increased our exposure to the technology, media and telecommunications sectors, where we believe the fall in prices over the past few years may provide attractive investment opportunities.

Driven by our bottom-up fundamental research, the Stock Fund is over-weighted in the following sectors relative to the S&P 500: consumer discretionary, energy and materials. It is under-weighted in the following sectors: consumer staples, health care, industrials and information technology. The Fund has exposure to a broad range of companies across the economic landscape. For example, within the consumer discretionary sector, the Fund holds stocks in cable television (Comcast), restaurant (McDonalds), retail (May Department Stores), distribution (Genuine Parts), appliances (Whirlpool), lodging (Six Continents), apparel (VF Corp.) and consumer electronics (Sony) industries. Although they are collectively categorized in the consumer discretionary sector, consumer spending among these industries can vary dramatically (e.g., cable television compared to auto parts distribution). As is true for the entire portfolio, many different investment themes and economic sensitivities are represented in these individual holdings, and our investment case for each is formulated based on our outlook for each company.

For further review of the Fund's performance and long-term investment strategy, please visit www.**dodge**and**cox**.com and download the Fund's First Quarter Report to shareholders, which will be available online in May.

April, 2003

*The S&P 500 is a widely recognized, unmanaged index of common stock prices. The Fund's total returns include the reinvestment of dividend and capital gain distributions, but have not been adjusted for any income taxes payable on these distributions. Index returns include dividends and, unlike Fund returns, do not reflect fees or expenses.

Past performance does not guarantee future results. Investment return and share price will fluctuate with market conditions, and investors may have a gain or loss when shares are sold.

Authorized for distribution to mutual fund investors only when accompanied or preceded by a current Fund prospectus, which includes more complete information including management fees, risks and expenses. Please read the prospectus carefully before investing.